

eBay (UK) Limited

**Directors' report and financial statements
for the year ended 31 December 2006**

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eBay (UK) Limited

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eBay (UK) Limited

Directors' Report for the year ended 31 December 2006

The Directors submit their annual report and the audited financial statements of eBay (UK) Limited ("the Company") for the year ended 31 December 2006

Principal activities

eBay (UK) Limited is a service provider for eBay International AG, the Company's immediate parent, and recommends market penetration and advertising strategies for the UK internet market place to eBay International AG. The Company's revenues are derived from intercompany sales of these services.

eBay (UK) Limited and eBay International AG are subsidiary undertakings of eBay Inc., a global internet company incorporated in the USA, which offers an internet based personal trading community.

Review of business and future developments

The Directors are satisfied with the results for the financial year and are confident that the business will continue to grow and develop in the future.

As the Company's income is generated from the parent company on a cost plus basis the principal risks and uncertainties facing the business are those detailed in the parent company report and financial statements, with the development and performance of the company also closely linked to the business growth of the parent company.

Principal risks and uncertainties

Credit risk

Financial assets that potentially subject the company to concentrations of credit risk consist principally of cash at bank and debtors. The company's cash is placed with quality financial institutions. The company's exposure to debtor risk is principally concentrated in the intra-group debt with the immediate parent company arising from the charges due under the services agreement.

Foreign currency and interest rate risk

The company is not exposed to significant foreign exchange risk.

The company's operating income and cash flows are substantially independent of changes in market interest rates.

Due to the limited risk exposure the company does not have a specific hedging policy with respect to foreign currency exchange and interest rate risk.

Results and dividends

The Company's profit for the financial year amounted to £915,000 (2005 restated £1,188,000), which has been transferred to reserves. The results incorporate the effects of the introduction of Financial Reporting Standard 20 "Share-based Payment" which are referred to in notes 1, 6 and 16.

The Directors do not recommend the payment of a dividend (2005 nil).

Charitable donation

The company made no donations to charities during the year (2005 £5,800).

eBay (UK) Limited

Directors

The Directors who held office during the year and up to signing of the accounts were

Mike Jacobson
Douglas McCallum
William Cobb

Key performance indicators

The directors of eBay Inc manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of eBay (UK) Ltd

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

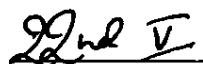
So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board


Director

 2007

Report of the independent auditors to the members of eBay (UK) Limited

We have audited the financial statements of eBay (UK) Limited for the year ended 31 December 2006 which comprises the profit and loss account, statement of recognised gains and losses, balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 December 2006 and of its profit for the year then ended, and
- The financial statements have been properly prepared in accordance with the Companies Act 1985
- the information given in the Directors' Report is consistent with the financial statements


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
London

25 May 2007

eBay (UK) Limited

Profit and Loss Account for the year ended 31 December 2006

		Year ended 31 December 2006	Year ended 31 December 2005 as restated
	Note	£'000	£'000
Turnover	1	15,409	11,177
Cost of sales		<u>(14,612)</u>	<u>(10,643)</u>
Operating profit	2	797	534
Net interest receivable/(payable) and similar income/(charges)	4	<u>118</u>	<u>(37)</u>
Profit on ordinary activities before taxation		915	497
Tax on profit on ordinary activities	5	-	691
Profit for the financial year	14	<u>915</u>	<u>1,188</u>

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

All turnover and operating losses arise from continuing operations

The notes on pages 8 to 20 form part of these financial statements

eBay (UK) Limited

Statement of Total Recognised Gains and Losses for the year ended 31 December 2006

		Year ended 31 December 2006	Year ended 31 December 2005 as restated
	Note	£'000	£'000
Profit for the financial year		<u>915</u>	<u>1,188</u>
Total recognised gains and losses relating to the year		915	<u>1,188</u>
Prior period adjustment	6	77	
Total recognised gains and losses recognised since last annual report		<u>992</u>	<u>1,188</u>

The notes on pages 8 to 20 form part of these financial statements

eBay (UK) Limited

Balance Sheet at 31 December 2006

		2006	2005
			as restated
	Note	£'000	£'000
Fixed assets			
Tangible assets	7	<u>1,731</u>	<u>1,026</u>
Current assets			
Debtors amounts falling due after one year	8	872	872
Debtors amounts falling due within one year	8	5,572	3,364
Cash at bank and in hand		<u>2,121</u>	<u>1,467</u>
		8,565	5,703
Creditors: amounts falling due within one year	9	<u>(1,196)</u>	<u>(1,544)</u>
Net current assets		<u>7,369</u>	<u>4,159</u>
Total assets less current liabilities		9,100	5,185
Creditors, amounts falling due after more than one year	10	-	(1,700)
Provisions for liabilities and charges	11	(219)	(169)
Net assets		<u>8,881</u>	<u>3,316</u>
Capital and reserves			
Called up share capital	13	2,451	1
Capital contributions	14	3,743	1,543
Profit and loss reserve	14	2,687	1,772
Total equity shareholders' funds	14	<u>8,881</u>	<u>3,316</u>

Approved by the Board on 22nd. V 2007

Signed on behalf of the Board



Director

eBay (UK) Limited

Notes to the financial statements for the year ended 31 December 2006

1 Accounting policies

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies which have been applied consistently, save for the impact of FRS 20, are set out below.

Turnover

Turnover represents the revenue excluding VAT, from the provision of services to eBay International AG.

Revenue is recognised in line with performance under the underlying contract.

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Depreciation

Depreciation is provided on all tangible fixed assets to write off the cost less estimated residual value over an asset's estimated useful life on a straight-line basis.

Fixed assets are depreciated at the following rates:

Computer equipment	-	33% per annum
Short leasehold improvements	-	over 5 years or over the term of the lease
Computer software	-	100% per annum
Office furniture & equipment	-	33% per annum

Taxation

The charge for taxation is based upon the profit or loss for the period, as adjusted for disallowable items and timing differences.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

eBay (UK) Limited

1 Accounting policies (continued)

Pension costs

The company operates a defined contribution stakeholder pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The employer contributions charged to profit and loss account represents the amounts contracted as due in respect of the year.

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet or at the agreed contractual rate. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

Cashflow statement

The company is a wholly owned subsidiary company of the group headed by eBay Inc, and is included in the consolidated financial statements of the parent company, which are available to the public. Consequently, the company has taken advantage of the exemption from the requirement to prepare a cash flow statement, permitted within Financial Reporting Standard 1 "Cashflow Statements (revised 1996)".

Transactions with fellow group undertakings

The company is a wholly owned subsidiary of the ultimate parent undertaking, eBay Inc, incorporated in the United States of America. The company is exempt under Financial Reporting Standard 8 from disclosure of transactions with entities that are part of the group headed by eBay Inc on the grounds that more than 90% of voting rights are controlled within the group.

Share-based remuneration

The company employees participate in the share-based benefit plans of the ultimate parent eBay Inc. To be consistent with eBay Inc terminology hereafter share-based remuneration is referred to as stock-based compensation.

The company accounts for stock-based compensation under Financial Reporting Standard 20 ("FRS 20"), "Share-based Payment", which addresses the accounting for share-based payment transactions in which an enterprise receives employee services in exchange for either equity instruments of the enterprise or liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments.

Stock-based compensation expense recognised during the period is based on the value of the portion of stock-based payment awards that is ultimately expected to vest. As stock-based compensation recognised in the consolidated statement of operations is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. FRS 20 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

eBay (UK) Limited

2 Operating profit

	Year ended 31 December 2006 £'000	Year ended 31 December 2005 £'000
The operating profit is stated after charging		
Auditors' remuneration for audit services	18	17
Foreign currency exchange differences	4	7
Depreciation	740	453
Loss on disposal of fixed assets	5	-
Operating lease rentals – building	<u>710</u>	<u>719</u>

Auditors' remuneration for non-audit services was £nil (2005 £nil)

3 Directors and employees

Directors emoluments were only payable to one director and amounted to £323,351 (2005 £364,235), excluding pension contributions. The director participates in the stock-based benefit plans detailed in note 16. The director did not exercise any options during either year. The Company contributions to the stakeholder pension scheme for the director amounted to £9,391 (2005 £7,962). Retirement benefits were accruing in respect of one director (2005 one).

	Year ended 31 December 2006 £'000	Year ended 31 December 2005 as restated £'000
Employee costs consist of		
Wages and salaries	6,636	5,043
Social security costs	745	680
Other pension costs	197	144
Stock based compensation	2,200	948
Total	<u>9,778</u>	<u>6,815</u>

In addition to the costs above refer to note 16 for details of the stock-based compensation of employees

The average number of employees during the period was as follows

	Year ended 31 December 2006 Number	Year ended 31 December 2005 Number
Management	9	7
Administration and operations	93	75
Total	<u>102</u>	<u>82</u>

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4 Net interest receivable/(payable) and similar income/(charges)

	Year ended 31 December 2006 £'000	Year ended 31 December 2005 £'000
Bank interest income receivable	118	27
Intercompany loan interest payable	-	(64)
Total	<u>118</u>	<u>37</u>

5 Taxation

The charge for taxation is based upon the taxable profit for the year and comprises

	Year ended 31 December 2006 £'000	Year ended 31 December 2005 £'000
Current tax		
Over provision for corporation tax in previous years	-	(291)
Deferred tax		
Adjustment to estimated recoverable amount of deferred tax asset arising from previous years	-	(400)
	<u>-</u>	<u>(691)</u>

eBay (UK) Limited

5 Taxation (continued)

Factors affecting the tax charge for the period

Tax refunds in respect of earlier years have arisen as a result of a claim for corporation tax relief in respect of gains treated as earnings of employees, arising from the exercise of stock options and participation in the employee stock purchase plan

The difference between the current tax charge and the standard rate of corporation tax in the UK (30%) is explained below

	Year ended 31 December 2006	Year ended 31 December 2005 as restated
	£'000	£'000
Profit on ordinary activities before tax	<u>915</u>	<u>497</u>
Profit on ordinary activities before tax multiplied by the standard rate of tax in the UK of 30%	275	149
Effects of		
Permanent difference on stock-based compensation	(136)	(624)
Expenses not deductible for tax purposes	36	13
Depreciation in excess of capital allowances	33	33
Timing difference on relief for stock-based compensation	527	-
Other short-term timing differences	(18)	23
Tax loss for the year not utilised	-	406
Tax losses brought forward utilised	(701)	-
Group relief	(16)	-
Adjustments to tax charge of previous years	-	(291)
Tax charge for the period	<u>-</u>	<u>(291)</u>
Deferred tax asset at tax rate of 30% (2005 30%)		
Provided		
Opening balance	400	-
Credited to profit and loss account for the year	-	400
Closing balance (see note 8)	<u>400</u>	<u>400</u>
Unprovided	<u>854</u>	<u>1,195</u>
The above deferred tax asset comprised		
Depreciation in excess of capital allowances	46	19
Fair values debited to profit and loss relating to unexercised options Tax relief deferred until exercise	859	-
Other short-term timing differences	5	23
Tax losses carried forward	344	1,553
Closing balance	<u>1,254</u>	<u>1,595</u>

eBay (UK) Limited

6 Prior Year Adjustment

A prior year adjustment has been recorded due to a change in accounting policy required by the implementation of UK Financial Reporting Standard 20 "Share-based Payment" (FRS20). As a result of FRS 20 the Company is required to recognise the fair value of stock-based remuneration to its employees.

As permitted under FRS 20 the recording of fair values and re-statement of comparatives, has only been applied to stock and options that were granted after 7 November 2002 and had not vested at the relevant effective date, being 1 January 2006.

There were no costs recorded in the profit and loss account for stock-based compensation until this change of accounting policy, as no charge was made by the ultimate parent company eBay Inc, for participation in their stock-based benefit plans. The change has led to the attributable fair values being recorded as a cost in the profit and loss account amounting to £2,199,894 for 2006 (restated 2005 £948,027). As there is no charge by eBay Inc for the facility the same value is credited to equity as a capital contribution.

The company's turnover is determined on a cost plus basis, in accordance with a services agreement with the immediate parent company eBay International AG. As a result the increased costs recorded have also led to an increase in turnover amounting to £2,309,889 for 2006 and £995,428 for 2005.

The tax charge in the profit and loss account for 2006 and 2005 is not affected by the above changes.

The restatement of the comparatives for turnover and cost of sales means that the retained profit for 2005 is stated as £1,188,000 rather than the £1,141,000 stated in the last annual report.

The fair values of the options that had not vested by 1 January 2006, which were attributable to accounting periods prior to 2005 amounted to £594,745. An adjustment has therefore been recorded to credit equity with a capital contribution of the same amount and the retained profit brought forward at 1 January 2005 restated from £558,808 to £588,545, an increase of £29,737, representing the profit arising by virtue of the cost plus agreement.

eBay (UK) Limited

7 Tangible fixed assets

	Short leasehold property improvements £'000	Computer equipment £'000	Software £'000	Office furniture & equipment £'000	Total £'000
Cost					
At 1 January 2006	1,573	271	59	178	2,081
Additions in the year	931	149	32	338	1,450
Disposals in the year	-	(37)	-	-	(37)
At 31 December 2006	2,504	383	91	516	3,494
Accumulated depreciation					
At 1 January 2006	(735)	(139)	(48)	(133)	(1,055)
Charge for the year	(530)	(101)	(27)	(82)	(740)
Disposals in the year	-	32	-	-	32
At 31 December 2006	(1,265)	(208)	(75)	(215)	(1,763)
Net Book Value					
At 31 December 2006	1,239	175	16	301	1,731
At 1 January 2006	838	132	11	45	1,026

8 Debtors

	2006 £'000	2005 £'000
Amounts falling due within one year.		
Amount owed by group undertakings	5,058	2,726
Corporation tax	68	346
Other debtors	50	124
Prepaid and accrued income	396	168
	5,572	3,364
Amounts falling due after more than one year		
Other debtors	472	472
Deferred tax asset (see note 5)	400	400
	872	872
Total debtors	6,444	4,236

The deferred tax asset has been recognised as the directors believe it will be recovered during the future operations of the business

eBay (UK) Limited

9 Creditors: amounts falling due within one year

	2006	2005
	£'000	£'000
Trade creditors	96	4
Amounts owed to group undertakings	1	10
Taxation and social security	260	534
Other creditors	107	85
Accruals and deferred income	732	911
Total	<u>1,196</u>	<u>1,544</u>

Other creditors includes £31,000 employee and employer pension contributions payable (2005 £23,000)

10 Creditors: amounts falling due after more than one year

	2006	2005
	£'000	£'000
Amount owed to group undertaking	<u>-</u>	<u>1,700</u>

The loan from the group undertaking was repayable in more than two years but not more than five years. The loan was unsecured and interest bearing. During the year the loan was converted to share capital.

eBay (UK) Limited

11 Provisions for liabilities and charges

	2006 £'000	2005 £'000
Provision for dilapidation costs	-	115
Provision for de-commissioning cost of leasehold improvements at expiry of lease	200	-
National Insurance provision arising on eBay Inc stock option plan	19	54
Total	<u>219</u>	<u>169</u>

A provision has been made in respect of the anticipated cost of de-commissioning the alterations made within the leasehold property occupied by the company. The provision is included in the cost of additions to the leasehold property in fixed assets and is being depreciated over the lease term. The lease terminates in March 2013.

The provision in respect of the stock option plan relates to potential National Insurance charges arising on share options granted after 5 April 1999. The company is responsible for paying this charge for options granted to employees up to 1 October 2001.

Movements during the year

	De-commissioning of leasehold improvements £'000	Dilapidations £'000	Stock options £'000
Balance at 1 January 2006	-	115	54
Increase in provision	200	-	-
Profit and loss movement	-	(115)	(35)
Total	<u>200</u>	<u>-</u>	<u>19</u>

eBay (UK) Limited

12 Operating lease commitments

The Company had annual commitments under a non-cancellable operating lease which expires as follows

	Land and buildings 2006 £'000	Land and buildings 2005 £'000
More than 5 years	869	701
Total	869	701

13 Called up share capital

	2006 £'000	2005 £'000
Authorised		
100,000,000(2005 1) ordinary shares of £1 each	<u>100,000</u>	<u>1</u>
Called up, issued and fully paid		
2,451,000(2005 1) ordinary shares of £1 each	<u>2,451</u>	<u>1</u>

2,450,000 Ordinary £1 shares of £1 each were allotted and fully paid for with cash and loan capitulation at par during the year

eBay (UK) Limited

14 Combined statement of reserves and reconciliation of movements in shareholders' funds

	Called up share capital £'000	Capital contributions as restated £'000	Profit & loss account as restated £'000	Total shareholders' funds 2006 £'000	Total shareholders' funds 2005 £'000
At beginning of year	1	-	1,695	1,696	555
Prior year adjustment (note 6)	-	1,543	77	1,620	-
At the beginning of year as restated	1	1,543	1,772	3,316	555
Share issue	2,450	-	-	2,450	-
Capital contribution from eBay Inc in respect of stock-based benefit plans	-	2,200	-	2,200	-
Profit for the financial year	-	-	915	915	1,141
At end of period	2,451	3,743	2,687	8,881	1,696

15 Immediate and ultimate parent undertaking

The immediate parent undertaking is eBay International AG

The ultimate parent undertaking and controlling party is eBay Inc , a company incorporated in Delaware, USA
eBay Inc is the parent company of the smallest and largest group to consolidate these financial statements
Copies of the eBay Inc financial statements may be obtained from

eBay Inc
2145 Hamilton Avenue
San Jose CA
USA 95125

eBay (UK) Limited

16 Stock-based Benefit Plans

Employee Stock Purchase Plan

We participate in an employee stock purchase plan offered by eBay Inc ("eBay"), our ultimate parent company, for all eligible employees. Under the plan, shares of eBay's common stock may be purchased over an offering period with a maximum duration of two years at 85% of the lower of the fair market value on the first day of the applicable offering period or on the last day of the six-month purchase period. Employees may purchase shares having a value not exceeding 10% of their gross compensation during an offering period. eBay's employee stock purchase plan contains an "evergreen" provision that automatically increases, on 1 January, the number of shares reserved for issuance under the employee stock purchase plan by the number of shares purchased under this plan in the preceding calendar year.

Other Equity Incentive Plans

We participate in eBay's equity incentive plans for directors, officers, employee and non-employees. Stock options granted under these plans generally vest 25% one year from the date of grant (or 12.5% six months from the date of grant for grants to existing employees) and the remainder vest at a rate of 2.08% per month thereafter, and generally expire 7 – 10 years from the date of grant.

Valuation Assumptions

We calculated the fair value of each option award on the date of grant using the Black-Scholes option pricing model. The following assumptions were used for each respective period:

	Year ended 31 December 2006
Risk-free interest rate	4.71%
Expected lives (in years)	2.91
Dividend yield	0%
Expected volatility	36.10%

Our computation of expected volatility for the year ended 31 December 2006 is based on a combination of historical and market-based implied volatility from traded options on our stock. Prior to 1 January 2006, our computation of expected volatility was based on historical volatility. Our computation of expected life for the year ended 31 December 2006 was determined based on historical experience of similar awards, giving consideration to the contractual terms of the stock-based awards, vesting schedules and expectations of future employee behaviour. The range provided above results from the behaviour patterns of separate groups of employees that have similar historical experience. The interest rate for periods within the contractual life of the award is based on the U.S. Treasury yield curve in effect at the time of grant. Weighted average fair value of the options granted during the year ended 31 December 2006 is £5.41.

We amortise the stock-based compensation charge in accordance with the accelerated method over the vesting period of the related options, which is generally four years. The impact of recognising the fair value of the option grants and stock grants under our employee stock purchase plan as an expense under FRS 20 is £948,027 and £2,199,894 for the years ended 31 December 2005 and 2006, respectively. The impact of recognising the fair value of the option grants and stock grants under our employee stock purchase plan under FRS 20 is £594,745 for the period prior to 1 January 2005.

eBay (UK) Limited

16 Stock-based Benefit Plans (continued)

Stock-based Payment Award Activity

The following table summarises activity under our equity incentive plans for the years ended 31 December 2006

	Year ended 31 December		
	2006		
	Shares	Weighted Average Exercise Price (GBP)	Weighted Average Remaining Contractual Term (in years)
Outstanding at beginning of period	806,774	19 65	8 40
Granted	497,230	18 36	
Transfers, net	31,472	22 44	
Cancelled	(108,052)	19 63	
Exercised	(42,298)	13 76	
Outstanding at end of period	1,185,126	19 26	7 05
Options exercisable at end of period	456,808	19 06	7 17

The following table summarises information about stock options outstanding at 31 December 2006

£	Options Outstanding at 31 December 2006	
	Number of Shares Outstanding	Weighted Average Contractual Remaining Life
9 15 – 13 17	94,666	6 25
13 64 – 15 19	57,797	6 68
15 29 – 16 61	255,431	6 68
17 10 – 20 03	204,335	7 16
20 60 – 23 84	449,697	7 23
23 92 - 31 18	123,200	7 76
	1,185,126	7 05